

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

217.1

ANALYSIS OF OFFICE OF DATA PROCESSING
PROPOSED FOR THE HEALTH AND WELFARE AGENCY

MARCH 1974

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VINCENT THOMAS
CHAIRMAN

ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-7806

MERRILL E. TOMPKINS, C.P.A., COORDINATOR
(916) 445-1890

EVE OSTOJA, OFFICE MANAGER
(916) 445-7808

March 26, 1974

Honorable Willie L. Brown, Jr.
Chairman, Assembly Ways and
Means Committee
Room 3091, State Capitol
Sacramento, California 95814

Dear Willie:

In response to your request of February 6, 1974, the Auditor General has performed an analysis of the similarities and differences between the previously proposed Health and Welfare Consolidated Data Center and the proposed Office of Data Processing in the Health and Welfare Agency.

Discussions were held between members of the Auditor General's staff and Mr. James D. Boyd and Mr. James S. Kotrous, of the Health and Welfare Agency, who were charged by the Agency Secretary with the task of establishing and implementing the new function.

The most significant difference found between the Health and Welfare Consolidated Data Center and the Office of Data Processing is that the primary function of the Data Center was the consolidation of hardware and operations. The Office of Data Processing, on the other hand, will only be concerned with coordination of EDP activities between departments within the agency. The functions of the office will include priority determinations, EDP budget and manpower projections for the agency, the development and utilization of common data bases, and the evaluation of new applications which span departmental lines. The new office would not have the consolidation of hardware or personnel as a function or goal.

The Auditor General points out that the proposed Office of Data Processing, in part, duplicates existing services at an unreasonable cost. Specifically, the Auditor General states that:

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1. The office is partially a duplication of the function performed by Department of Finance EDP Control and Development. EDP Control and Development is already charged with enforcing Section 4 of the Budget Act and, therefore, must evaluate all requests for new EDP equipment, personnel and new EDP applications. The 1974-75 budget for the proposed office lists one of its three functions as "a. guiding departmental EDP staffs in effective systems design and efficient equipment utilization" which is now a function of EDP Control and Development.
2. The salaries proposed are significantly higher than those paid for comparable positions in the Department of Finance and in other EDP installations. For comparison, the Department of Finance's EDP Control and Development has budgeted \$465,472 and 15.5 positions to perform their function for the entire state, whereas the Health and Welfare's Office of Data Processing has requested \$200,000 and four positions to perform a similar function for the Health and Welfare Agency.
3. If this new function in the Health and Welfare Agency were to set a precedent for the other three agencies and the state college and university system at approximately the same annual budget (\$200,000), a potential expenditure of \$1 million annually may develop.
4. Moreover, the Auditor General points out that the non-duplication functions of the proposed office could well be assumed by a "users group" composed of EDP management from each of the departments within the Health and Welfare Agency with little additional cost. It is assumed that some informal exchange of information exists presently between departments and all that would be required would be some formalization of membership, agenda, assignment of responsibilities, etc.

In summary, the Auditor General has concluded that data processing should be adequately serviced by existing staff organizations and control groups, and that the operation of the Office of Data Processing would duplicate those services.

With my warm best wishes,

Sincerely,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee